



NEW APPLICATION ORIGINAL

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Tel Logic

2003 MAR 12 A 11: 38

May 28, 2002

AZ CORP COMMISSION
DOCUMENT CONTROL

Docket Control Center
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007-2927

RE: CC&N for Tel Logic in the State of Arizona.

T-04172A-03-0153

The following is the application for Tel Logic for CC&N in Arizona. The company is well qualified for approval for CC&N in the State of Arizona.

Please note that Quality Telephone, Inc. is doing business as a foreign corporation in the state of Arizona as TelLogic. The name "Quality Telephone, Inc." was not available from the Secretary of State. Therefore the request for CC&N will be made under the name TelLogic.

The following Attachments are for the application for CC&N

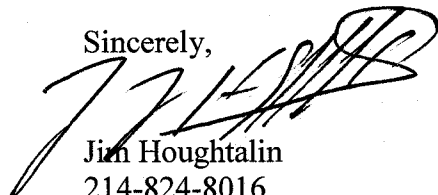
Attachment 1	Questions & Answers for the PUC
Attachment 2	A-8 Certificate of Good Standing
Attachment 3	A-9 Tariff
Attachment 4	B-2 Financials
Attachment 5	B-4 Projections
Attachment 6	Affidavit of Good Standing

Tel Logic is well qualified for a CC&N in Arizona. We currently operate in six other states and provide valued services to our customers. Since our first customer in October of 2000, Tel Logic has not received one written complaint, nor have we had any filed with any PUC. The staff has received numerous letters of thanks and appreciation.

Tel Logic fully expects to follow all rules and regulations for the state of Arizona.

If there are any questions, please contact me at your convenience.

Sincerely,



Jim Houghtalin
214-824-8016

Section 1.

Questions & Answers for the Arizona PUC

Question A-8

ARIZONA CORPORATION COMMISSION

**Application and Petition for Certificate of Convenience and Necessity to Provide
Intrastate Telecommunications Services**

Mail original plus 10 copies of completed application to:

For Docket Control Only:
(Please Stamp Here)

Docket Control Center
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007-2927

Please indicate if you have current applications pending
in Arizona as an Interexchange reseller, AOS provider,
or as the provider of other telecommunication services.

Type of Service: No Pending Applications _____

Docket No.: _____ Date: _____ Date Docketed: _____

Type of Service: _____

Docket No.: _____ Date: _____ Date Docketed: _____

A. COMPANY AND TELECOMMUNICATION SERVICE INFORMATION

(A-1) Please indicate the type of telecommunications services that you want to provide in Arizona and answer the appropriate numbered items:

- ☐ Resold Long Distance Telecommunications Services (Answer Sections A, B, C).
- ☒ X Resold Local Exchange Telecommunications Services (Answer Sections A, B, C).
- ☐ Facilities-Based Long Distance Telecommunications Services (Answer Sections A, B, D).
- ☐ Facilities-Based Local Exchange Telecommunications Services (Answer Sections A, B, D, E)
- ☐ Alternative Operator Services Telecommunications Services (Answer Sections A, B)

(A-2) The name, address, telephone number (including area code), facsimile number (including area code), e-mail address, and World Wide Web address (if one is available for consumer access) of the Applicant:

TelLogic
214-824-8016 (ph) 214-821-0343 (fx)
Jhoughta@Qtelephone.com

370 N. Market St, #470
Dallas, Texas 75202

(A-3) The d/b/a ("Doing Business As") name if the Applicant is doing business under a name different from that listed in Item (A-2):

TelLogic d/b/a Quality Telephone

(A-4) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Management Contact:

Jim Houghtalin

214-824-8016 (ph) 214-821-0343 (fx)

Jhoughta@Qtelephone.com

(A-5) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Attorney and/or Consultant:

The company is not using an Attorney nor Consultant.

(A-6) The name, address, telephone number (including area code), facsimile number (including area code), E-mail address of the Applicant's Complaint Contact Person:

Joan Parker

214-824-9499 ex 603(ph) 214-821-0343 (fx)

JParker@Qtelephone.com

(A-7) What type of legal entity is the Applicant?

☐

Sole proprietorship

☐

Partnership: _____ Limited, _____ General, _____ Arizona, _____ Foreign

☐

Limited Liability Company: _____ Arizona, _____ Foreign

☐

Corporation: _____ "S", X "C", _____ Non-profit, _____ Arizona, X Foreign

☐

Other, specify: _____

(A-8) Please include "Attachment A":

Attachment "A" must include the following information:

1. A copy of the Applicant's Certificate of Good Standing as a domestic or foreign corporation, LLC, or other entity in the State of Arizona.
2. A list of the names of all owners, partners, limited liability company managers (or if a member managed LLC, all members), or corporation officers and directors (specify).
3. Indicate percentages of ownership.

(A-9) Include your Tariff as "Attachment B".

Your Tariff must include the following information:

1. Proposed Rates and Charges for each service offered (reference by Tariff page number).
2. Tariff Maximum Rate and Prices to be Charged (reference by Tariff page number).
3. Terms and Conditions Applicable to provision of Service (reference by Tariff page number).
4. Deposits, Advances, and/or Prepayments Applicable to provision of Service (reference by Tariff page number).
5. The proposed fee that will be charged for returned checks (reference by Tariff page number).

(A-10) Indicate the geographic market to be served:

☐

☒ Statewide. (Applicant adopts statewide map of Arizona provided with this application).

☐

Other. Describe and provide a detailed map depicting the area.

(A-11) Indicate if the Applicant has been or if the Applicant is currently involved in any formal or informal complaint proceedings pending before any State or federal Regulatory Commission:

☐

Yes

☐

☒ No

If "Yes", please provide the following information:

1. States in which the Applicant has been or is involved in proceedings.
2. Detailed explanations of the Substance of the Complaints.
3. Commission Orders that resolved any and all Complaints.
4. Actions taken by the Applicant to remedy and/or prevent the Complaints from re-occurring.

(A-12) Indicate if the Applicant has been or is currently involved in any civil or criminal investigations AND/OR had judgment entered against it in any civil matter or been convicted of any criminal acts related to the delivery of telecommunications services within the last five (5) years:

☐

Yes

☐

☒ No

If "Yes", please provide the following information.

1. States involved in the judgments and/or convictions.
2. Reasons for the investigation and/or judgment.
3. Copy of the Court order, if applicable.

(A-13) Indicate if the Applicant's customers will be able to access alternative toll service providers or resellers via 1+101XXXX access.

☐ Yes

☐ ☒ No

All items that can change a customer's bill will be blocked ensure the same bill every month.

(A-14) Is applicant willing to post a Performance Bond? Please check appropriate box(s).

☐ For Long Distance Resellers, a \$10,000 bond will be recommended for those resellers who collect advances, prepayments or deposits.

☐ Yes

☐ No

If "No", continue to question (A-15).

☐ For Local Exchange Resellers, a \$25,000 bond will be recommended.

☐ Yes

☐ X No

If "No", continue to question (A-15).

☐ For Facilities-Based Providers of Long Distance, a \$100,000 bond will be recommended.

☐ Yes

☐ No

If "No", continue to question (A-15).

☐ For Facilities-Based Providers of Local Exchange, a \$100,000 bond will be recommended.

☐ Yes

☐ No

If "No", continue to question (A-15).

Note: Amounts are cumulative if the Applicant is applying for more than one type of service.

(A-15) If No to any of the above, provide the following information. Clarify and explain the Applicant's deposit policy (reference by tariff page number). Provide a detailed explanation of why the applicant's superior financial position limits any risk to Arizona consumers.

TelLogic Will not be requesting any deposits from customers, therefore customers will not be at risk.

(A-16) Submit copies of affidavits of publication that the Applicant has, as required, published legal notice of the Application in all counties where the services will be provided.

Prior to issuance of the CC&N, the Applicant must complete and submit an Affidavit of Publication Form. Refer to Attachment C - Legal Notice Material (Newspaper Information, Sample Legal Notice and Affidavit of Publication).

3. A copy of the Applicant's audit report.
4. A copy of the Applicant's retained earnings balance.
5. A copy of all related notes to the financial statements and information.

(B-3) Indicate if the Applicant will rely on the financial resources of its Parent Company, if applicable.

Quality Telephone, Inc. is registered as a Foreign Corporation in the state of Arizona as TelLogic.

(B-4) The Applicant must provide the following information.

1. Provide the projected total revenue expected to be generated by the provision of telecommunications services to Arizona customers for the first twelve months following certification, adjusted to reflect the maximum rates for which the Applicant requested approval. Adjusted revenues may be calculated as the number of units sold times the maximum charge per unit.
2. Provide the operating expenses expected to be incurred during the first twelve months of providing telecommunications services to Arizona customers following certification.
3. Provide the net book value (original cost less accumulated depreciation) of all Arizona jurisdictional assets expected to be used in the provision of telecommunications service to Arizona customers at the end of the first twelve months of operation. Assets are not limited to plant and equipment. Items such as office equipment and office supplies should be included in this list.
4. If the projected value of all assets is zero, please specifically state this in your response.
5. If the projected fair value of the assets is different than the projected net book value, also provide the corresponding projected fair value amounts.

C. RESOLD LONG DISTANCE AND/OR LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(C-1) Indicate if the Applicant has a resale agreement in operation

☐

Yes

☐

X No

If "Yes", please reference the resale agreement by Commission Docket Number or Commission Decision Number.

D. FACILITIES-BASED LONG DISTANCE AND/OR FACILITIES BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(D-1) Indicate if the Applicant is currently selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services in the State of Arizona. This item applies to an Applicant requesting a geographic expansion of their CC&N:

☐

Yes

☐

No

If "Yes," provide the following information:

1. The date or approximate date that the Applicant began selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services for the State of Arizona.
2. Identify the types of facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services that the Applicant sells in the State of Arizona.

If "No," indicate the date when the Applicant will begin to sell facilities-based long distance telecommunications AND/OR facilities-based local exchange telecommunications services in the State of Arizona:

(D-2) Check here if you wish to adopt as your petition a statement that the service has already been classified as competitive by Commission Decision:

- ☐ Decision # 64178 Resold Long Distance
- ☐ Decision # 64178 Resold LEC
- ☐ Decision # 64178 Facilities Based Long Distance
- ☐ Decision # 64178 Facilities Based LEC

E. FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(E-1) Indicate whether the Applicant will abide by the quality of service standards that were approved by the Commission in Commission Decision Number 59241:

- ☐ Yes ☐ No

(E-2) Indicate whether the Applicant will provide all customers with 911 and E911 service, where available, and will coordinate with incumbent local exchange carriers ("ILECs") and emergency service providers to provide this service:

- ☐ Yes ☐ No

(E-3) Indicate that the Applicant's switch is "fully equal access capable" (i.e., would provide equal access to facilities-based long distance companies) pursuant to A.A.C. R14-2-1111 (A):

- ☐ Yes ☐ No

Section 2

Certificate of Good Standing

From the Secretary of State of Arizona

Question A-8

DO NOT PUBLISH
THIS SECTION

1. The corporate name must contain a corporate ending which may be "corporation," "association," "company," "limited," "incorporated" or an abbreviation of any of these words. If you are the holder or assignee of a trademark or trademark, attach Declaration of Tradename Holder form. If your name is not available for use in Arizona, you must adopt a fictitious name and provide a resolution adopting the name, which must be executed by the corporation Secretary.

3. You must provide the total duration in years for which your corporation was formed to endure. If perpetual succession, so indicate in this section. Do not leave blank, or state not applicable.

5. The statutory agent address cannot be a P.O. Box. It must be a physical address in Arizona. Include City, State and Zip code

APPLICATION FOR AUTHORITY TO TRANSACT BUSINESS IN ARIZONA

The name of the corporation is: Quality Telephone Inc.
A(n) Texas Corporation
(State, Province or Country)

☒ We are a foreign corporation applying for authority to transact business in the state of Arizona.

☐ We are a foreign corporation currently authorized to transact business in Arizona and must now file this Application for New Authority pursuant to A.R.S. § 10-1504 because we have changed the following in our domicile jurisdiction:

- ☐ Our actual corporate name (or the name under which we originally obtained authority in Arizona).
- ☐ The period of our duration.
- ☐ The state, province or country of our incorporation.

1. The exact name of the foreign corporation is:

Quality Telephone Inc.

If the exact name of the foreign corporation is not available for use in this state, then the fictitious name adopted for use by the corporation in Arizona is:

TelLogic Inc. (FN).

2. The name of the state, province or country in which the foreign corporation is incorporated is:

Texas

3. The foreign corporation was incorporated on the 24th day of June, 1998 and the period of its duration is: perpetual.

4. The street address of the principal office of the foreign corporation in the state, province or country of its incorporation is:

5623 Reiger, Dallas, TX 75214

5. The name and street address of the statutory agent for the foreign corporation in Arizona is:

Business Filings Incorporated

2338 W. Royal Palm Drive, Suite J, Phoenix, AZ 85021

Located in the county of Maricopa.

**DO NOT PUBLISH
THIS SECTION**

5.b. Indicate to which
address the Annual
Report should be mailed.

6. If the purpose of your
corporation has any
limitations with regard to
this section, so indicate.
If not, state no
limitations.

Name:

Address:

City, State, Zip:

Name:

Address:

City, State, Zip:

Name:

Address:

City, State, Zip:

8. The total number of
authorized shares cannot
be "zero" or "N/A".
Include authorized, not
issued shares in this
section.

- 5.a. The street address of the known place of business of the foreign corporation in Arizona IF DIFFERENT from the street address of the statutory agent is:

- 5.b. The Annual Report and general correspondence should be mailed to the address specified above in section 4 X or 5a _____.

6. The purpose of the corporation is to engage in any and all lawful business in which corporations may engage in the state, province or country under whose law the foreign corporation is incorporated, with the following limitations if any:

Telecommunications

7. The names and usual business addresses of the current directors and officers of the foreign corporation are: (Attach additional sheets if necessary.)

Frank McGovern, President [title]

5623 Rieger, Dallas, TX 75214

_____, [title]

_____, [title]

_____, [title]

8. The foreign corporation is authorized to issue 10,000 shares, itemized as follows: (Attach additional sheets if necessary.)

10,000 shares of Common [class or series] stock at
_____ no par value or par value of \$ 0.01 per share.

_____ shares of _____ [class or series] stock at
_____ no par value or par value of \$ _____ per share.

_____ shares of _____ [class or series] stock at
_____ no par value or par value of \$ _____ per share.

**DO NOT PUBLISH
THIS SECTION**

9. The total number of issued shares cannot be "N/A".

The Application must be accompanied by the following: A Certificate of Disclosure, executed within 30 days of delivery to the Commission, by a duly authorized officer

Attach a certified copy of your articles of incorporation, all amendments and mergers (AZ Const. Art. XIV, §8) and a certificate of existence or document of similar import duly authenticated (within 60 days) by the official having custody of corporate records in the state, province or country under whose laws we are incorporated.

The agent may consent to the appointment by either executing the consent, attaching a cover letter, or if paying by check, executing the check.

CF:0024
Rev. 10/99

9. The foreign corporation has issued 10,000 shares, itemized as follows:
- 10,000 shares of common [class or series] stock at
_____ no par value or par value of \$ 0.01 per share.
- _____ shares of _____ [class or series] stock at
_____ no par value or par value of \$ _____ per share.
- _____ shares of _____ [class or series] stock at
_____ no par value or par value of \$ _____ per share.

10. The character of business the foreign corporation initially intends to conduct in Arizona is:
Telecommunications

DATED this 23rd day of September, 192002
Quality Telephone Inc.

[Name of Corporation]
Executed by Frank McGovern
Frank McGovern, President
[print name] [title]
PHONE _____ FAX _____
[optional] [optional]

ACCEPTANCE OF APPOINTMENT BY STATUTORY AGENT

The undersigned hereby acknowledges and accepts the appointment as statutory agent of this corporation effective this 23rd day of September, 192002

Richard Oster
Signature
Richard Oster, VP, Business Filings Incorporated
[Print Name]

STATE CORP COMMISSION
FOR THE STATE OF AZ
FILED

EXPEDITED

2003 JAN 21 A 9:39

APPR

DATE APP

TERM

DATE

David L. Lumsden
1-30-03

F-1050946-7

APPLICATION FOR AUTHORITY TO TRANSACT
BUSINESS IN ARIZONA FOR:
QUALITY TELEPHONE INC.
UNDER THE FICTITIOUS NAME OF
TELLOGIC INC.



PAID

35.-

exp. 1/30/03

Section 3

Tariff for the Arizona

Question A-9

TelLogic, Inc.

RULES

Governing the Furnishing of Telephone Service

in

The State of Arizona

Submitted March 10, 2003

To

Public Utility Commission
The State of Arizona

By

Francis X. McGovern
TelLogic, Inc.

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LOCAL EXCHANGE SERVICE WITH NETWORK ACCESS
SECTION 2

Local exchange service includes the central office equipment with either rotary dial or push button dialing capability, outside plant distribution wire and cable, drop wire and station protector. The rates listed below do not include any terminal equipment - telephones, ringers, couplers, or inside station wiring.

LOCAL SERVICE AREA

The company plans to offer service State wide in Arizona..

SERVICE CONNECTION CHARGES

SECTION 3

Service connection charges herein described apply to all ordering installing, changing or substituting of telephone services offered by the Company and are non-recurring. The definition and application of these charges are as follows:

GENERAL

- (1) Basic Service Order Processing Charges apply on each customer order for all work or service ordered to be provided, changed or reconnected at one time at the same location for the same customer. These charges cover work associated with receiving, establishing records and processing any service ordered to be completed or changed at any one time. This charge applies to all requests for service initiated by a customer.
- (2) Premise Visit Charges applies for any work, equipment of service ordered, changed or substituted by the customer which requires a premise visit by Company personnel for the purpose of installation, removing, reconnecting or changing equipment and facilities associated with service.

SERVICE MAINTENANCE VISIT CHARGE

A service maintenance visit charge applies when a service difficulty or trouble report requires a visit by the Telephone Company or agents to the customer's premises, at which customer-provided equipment or lines are connected to Telephone Company or agent facilities, and a determination is made that the difficulty or trouble is not the result of failure of Telephone Company or agent facilities. Costs exceeding the minimum charge are the responsibility of, and will be billed to, the customer.

MISCELLANEOUS SERVICE AND EQUIPMENT
SECTION 4

DIRECTORY LISTINGS

All subscribers, including pay telephones, are entitled to one or more listings in the official alphabetical directory published by the Telephone Company.

One residential listing will be furnished without charge.

NON-PUBLISHED NUMBERS

A telephone number is non-published when it is omitted from the directory and also from the information lists of the Telephone Company. A subscriber may choose to have a published number or choose to have a non-published number for a fee.

SUSPENSION OF SERVICE AT SUBSCRIBER'S REQUEST

Upon request from a residence subscriber, service will be suspended for a period of time of not less than one month for a one-time charge.

PREFERRED TELEPHONE NUMBER

When initiating service, a customer may request a Preferred Telephone Number. If the number is available, a one-time charge will be made.

TELEPHONE NUMBER CHANGE

A customer who currently has service may request a telephone number change. A one-time charge applies. In conjunction with the request for a number change, the customer may also request a preferred number. If the preferred number is available, an additional \$25.00 charge will be made.

RETURN CHECK SERVICE CHARGE

A service charge will be added to the customer's monthly bill for each check which has been returned for any reason by the customer's bank. The customer will be notified whenever this charge is applied.

CALL FORWARDING - Busy Line & Don't Answer

Call Forwarding is an optional service which allows the customer to forward incoming calls to the customer's listed telephone number to a pre-selected telephone number..

CALL FORWARDING - *72 Activate - *73 Cancel

Call Forwarding is an optional service that allows the customer to forward incoming calls to any number that the customer can dial directly. If Call Forwarding is activated to a distant number that involves a toll charge, the customer is responsible for all such toll charges. Specific operating instructions will be provided to customers who order Call Forwarding.

THREE-WAY CALLING

Three-Way Calling is an optional service that allows two parties to be called from the customer's telephone. The customer and the two parties may then carry on a three-way conversation simultaneously.

Three-Way Calling is activated by the customer by dialing the first number, after the first number answers, the customer puts the first number on temporary hold by depressing the hook switch. The customer then dials the second number. After the second number answers, the customer depresses the hook switch the second time to connect all parties. The same procedure is used for an incoming call except the customer does not have to dial the first number.

CALL WAITING

Call Waiting is an optional service. Customers who order this service can determine, while using the telephone on either an incoming or outgoing call, when a second call to the customer's telephone is made. This service allows the customer to hold the first call while disposing of the second call. The customer may temporarily initiate a Tone Block to de-activate Call Waiting prior to making or receiving a call by pushing *70 or dialing 1170 after getting dial tone. Tone is reactivated after each use.

SPEED DIALING

Speed Dialing is an optional service that allows the customer to program the line so that the customer can dial frequently called local or toll numbers by dialing only one digit. Customer will have eight (8) numbers.

TOUCH-TONE

Touch-Tone is an optional service which allows the customer to place calls using tone pulsing. Touch Tone works with all telephones and telephone equipment, such as modems and fax machines.

CALLER ID

Caller ID is an optional feature that allows a subscriber to see the telephone number of an incoming call displayed on the customer provided display unit. The telephone number of an incoming call will display between the first and second rings. Caller ID Service works only on calls that originate from and terminate in central offices that are equipped and have SS7 connectivity. Caller ID is available to customers by monthly subscription only, which provides unlimited use of this service.

The telephone numbers that will be displayed on a Caller ID subscriber's display unit include listed, non-listed and non-published telephone numbers.

The telephone numbers that will not be displayed to the Caller ID subscriber are: (1) calls from customers who use Per-Call Blocking or subscribe to Per-Line Blocking; (2) calls from customers located in central offices not a part of the SS7 Signaling System; and (3) calls placed through an operator. When a Caller ID subscriber receives these types of calls, their display unit will notify them that the calling telephone number is unavailable.

In addition to the ability to see the telephone number of incoming calls, Caller ID Service provides a subscriber with the ability to reject calls from customers who have blocked the display of their telephone number on outgoing calls. This feature is called Anonymous Call Rejection (ACR) and can be activated by dialing *77 (tone) or 1177 (rotary) and deactivated by dialing *87 (tone) or 1187 (rotary). This feature is initially provided to the subscriber in the deactivated mode. The ACR will remain either on or off until the subscriber makes a change by dialing the special code. The Caller ID subscriber will hear a confirmation tone when the feature is activated or deactivated. When a caller who has activated the Per-Call Blocking or Per-Line Blocking calls a Caller ID subscriber that has activated ACR, the caller will hear an announcement that calls from blocking telephone numbers are not being accepted. The Caller ID subscriber's telephone does not ring. There is no additional charge for this feature. Blocked local or long distance calls routed to the Anonymous Call Rejection announcement will not be rated as completed calls.

CALLER ID PER-CALL BLOCKING

Per-Call Blocking is automatically available to all customers served by the Company. This blocking option allows the calling party to block the passage of their telephone number and name on outgoing calls. To activate Per-Call Blocking, a special code is dialed prior to placing each call. When the calling party activates this blocking feature and they place a call to a Caller ID subscriber, the subscriber's display unit will indicate that the incoming call has been blocked. There is no charge to activate Per-Call Blocking and the service is provided on an unlimited basis. Caller ID Per-Call Blocking does not prevent the delivery of telephone numbers to 911 emergency service providers.

CALLER ID PER-LINE BLOCKING

The calling party may prevent the display of their telephone number and name on a permanent basis by subscribing to Per-Line Blocking. This blocking option automatically prevents the display of the calling number and name of all calls placed for that line to a Caller ID subscriber, unless the feature is deactivated. If a subscriber of Per-Line Blocking chooses to deactivate blocking, the calling telephone number and name would be sent for that call only. After the call is completed, the line automatically reverts back to the Per-Line Blocking feature. Dialing a special code prior to placing each call completes the deactivation of Per-Line Blocking.

The code to deactivate Per-Line Blocking is the same as the one used to activate Per-Call Blocking. Caller ID Per-Line Blocking will be available to all customers in the Company serving area.

The Per-Line Blocking option can only be added or removed from a customer's line by placing a service order with the Telephone Company. When this service is removed, the line is automatically converted to the Per-Call Blocking capability. Caller ID Per-Line Blocking does not prevent the delivery of telephone numbers to 911 emergency service providers.

Customers who use either Per-Call Blocking or Per-Line Blocking will be unable to complete calls to Caller ID and Deluxe Caller ID subscribers that have activated the Anonymous Call Rejection (ACR) feature. When a caller who has blocked the display of his/her number and name calls a Caller ID or Deluxe Caller ID subscriber that has activated ACR, the caller will hear an announcement that the called party does not take anonymous calls. To complete a call to a Caller ID or Deluxe Caller ID subscriber that has activated ACR: (1) place the call by unblocking the telephone number; or (2) place the call through an operator which may involve charges in addition to the cost of the call. The live operator surcharge will be waived for customers of the Telephone Company who are victims of domestic violence, the staffs of domestic violence program agencies (when involved in domestic violence counseling) and emergency services personnel (while in the performance of their jobs). If the operator surcharge cannot be waived when the call is being placed, the Company will, upon notification, credit the live operator surcharge amount to the aforementioned party's telephone bill. Furthermore, should alternative methods become available in the future which permit the aforementioned to access the ACR party without revealing the caller's telephone number, the Company will waive any additional charges associated with such alternative methods.

ACTIVATIONS CHARGES

An activation fee will apply when adding a new custom feature to an existing service, unless a specific activation charge is listed in the corresponding tariff. When optional services are included with new basic service, the prevailing installation charges plus the activation fee will apply. The Telephone Company may waive the activation charge during special promotions.

GENERAL REGULATIONS SECTION 1

TARIFF APPLICATION

This tariff governs the furnishing of telephone service by TelLogic, Inc., hereinafter referred to as the Telephone Company. The general regulations in this section of the tariff are supplemental to regulations contained in other sections of this tariff.

TelLogic obtains service through the resale of basic local service provided by the Incumbent Local Exchange Carrier. TelLogic will provide residential service.

TELEPHONE SERVICE DEFINED

The Telephone Company does not transmit messages but offers, subject to the terms and conditions specified in this tariff, the use of resold facilities, where available, for communication between subscribers. The term service as used throughout this tariff refers to service, equipment and facilities.

OBLIGATION TO FURNISH SERVICE

The Telephone Company's obligation to furnish service is dependent upon its ability to secure and retain, without unreasonable expense, suitable facilities and rights from the purchase of services from the existing Local Exchange Company.

EQUIPMENT, APPARATUS AND ACCESS LINES

All services provided by the Company or by the Customer must comply with the rules and regulations of the F.C.C.

INSTALLATION, RELOCATION, MAINTENANCE, REPAIRS & REMOVAL

The subscriber shall be responsible for damages to the facilities of the Telephone Company resulting from negligence or willful act of the subscriber.

The Telephone Company shall not be liable for any defacement of or damage to the premises of the subscriber resulting from the attachment of the Telephone Company's or supplier's equipment, apparatus or lines on such premises, or their installation or removal, when such damage is not the result of negligence of the Telephone Company.

ACCESS TO PREMISES OF SUBSCRIBER

For the purpose of installing, repairing, inspecting or removing any part of its equipment, apparatus or lines on the premises of the subscriber, the agents and employees of the Telephone Company or its agents shall have entrance thereto at any reasonable hour.

RESIDENCE SERVICE CLASSIFICATIONS

Residence rates apply in private residences where the service is used primarily or dominantly for social or domestic purposes.

CONTRACTS FOR SERVICE

The Telephone Company reserves the right to require applications for service to be made in writing on forms supplied by it. Upon acceptance of an application for service, all applicable provisions of the Telephone Company's tariffs lawfully on file become the contract between the Telephone Company and the subscriber. Requests for additional service or changes in service, upon acceptance by the Telephone Company, become a part of the original contract, except that each item of additional service is subject to the appropriate minimum contract term. The acceptance or use of service may be deemed an application for such service and an agreement to pay for it at the rates applicable thereto under the current tariff. Any change in rate or regulations lawfully made acts as a modification of all contracts to that extent without further notice.

Except as otherwise provided in this tariff, service is furnished for a minimum contract term of three months.

PAYMENT OF SERVICE

Installation, connection, service and construction charges, where applicable, must be paid in advance of the establishment of service.

Recurring charges for service are billed monthly, 20 days or more in advance and are based upon the assigned due date. Charges for toll message service are billed after the service has been rendered and are payable on request.

Charges for all local and toll messages sent from the subscribers telephone station, and for all toll messages received at such station on which charges are reversed with the consent of the person answering the call, are the responsibility of the subscriber.

A statement of account rendered to the subscriber shall be deemed correct and binding upon the subscriber unless objections are made verbally to a Telephone Company designated service representative or in writing received by the Telephone Company within thirty days after rendition of the statement.

SUSPENSION OF SERVICE

The Telephone Company reserves the right to suspend service for non-payment of bills, seven days after date due, or for violation of rules and regulations of this tariff, after due notice by the Telephone Company.

A written notification will be sent to the customer seven days prior to suspension. The notification wording will include the following language: "We value your business, however, your account is past due. Please ensure prompt payment of all past due balances. Failure to make payments may result in the suspension of service within seven (7) days of your due date. Your account may be permanently terminated four (4) days after the suspension of the account."

The Telephone Company also reserves the right to suspend service, without notice, to facilities that have apparently been abandoned and to demand payment for such service up to and including date of suspension, provided it has not been notified by the subscriber to discontinue service prior thereto.

TERMINATION OF SERVICE

The Telephone Company reserves the right to terminate service after four (4) days of the suspension of an account.

LIABILITY OF TELEPHONE COMPANY

In event interruptions, omissions, defects, errors, mistakes or delays in transmission occur in the course of furnishing service, lines and other facilities, and are not caused by negligence of the subscriber, the liability of the Telephone Company for damages arising therefrom shall not exceed an amount equivalent to the proportionate charge to the subscriber for the period during which such interruption, omission, defect, error, mistake or delay in transmission occurs. Where a local message guarantee applies, a pro rata portion of the guarantee for the period of suspension is allowed. No other liability shall in any case attach to the Telephone Company.

CANCELLATION FOR CAUSE

Service is furnished subject to the condition that it will not be used for an unlawful purpose. Service will not be furnished if any law enforcement agency, acting within its jurisdiction, advises that such service is being used or will be used in violation of law, or if the Telephone Company receives other evidence that such service is being or will be so used.

The Telephone Company may also terminate without advance notice any service that is used in such a manner as to interfere with the service of others or that is used for any purpose other than a means of communication.

TELEPHONE NUMBERS

The Telephone Company reserves the right to change the telephone number or numbers of a subscriber's station or stations as the exigencies of the business may require.

TOLL MESSAGE RATES

Rates, rules and regulations governing Toll or Long Distance messages are contained in the toll tariff of The Bell Telephone Company of Arizona in which this company concurs.

ALLOWANCES FOR TELEPHONE SERVICE INTERRUPTIONS

When main telephone service is interrupted for a period of at least 24 hours, the company, after due notice by the customer, shall apply the following schedule of allowances:

Refunds of 1/30 of the tariff monthly rate of all services and facilities furnished by the company rendered inoperative by the company to the extent of being useless for each of the 24 hour periods during which the interruption continues after notice by the customer of the company conditioned that the out-of-service extends beyond a minimum period of 24 hours.

The foregoing allowances shall not be applicable where service is interrupted by the negligence or willful act of the customer to service or where the company pursuant to the terms of the contract for service suspends or terminates service for non-payment of charges or for unlawful or improper use of facilities or for any other reason provided for in the filed and effective tariff.

Section 4

Financials

Question B-2

- 1.) Balance Sheet for End of Year 2001**
- 2.) Balance Sheet for End of Year 2002**
- 3.) Income Statement**
- 4.) Retained Earnings Balance**
- 5.) Statement Regarding Notes**

The company has three unsecured notes totaling \$50,400. These notes have no required time frame for repayment, no interest requirements, and are unsecured. These notes were given in lieu of stock.

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03/11/03
Cash Basis

Quality Telephone Inc.
Balance Sheet
As of December 31, 2001

	<u>Dec 31, 01</u>
ASSETS	
Current Assets	
Checking/Savings	
1001 - First Union Checking	1,562.73
1002 - Wells Fargo Checking	24,392.31
1005 - First Union Money Market	26,203.87
Total Checking/Savings	<u>52,158.91</u>
Total Current Assets	52,158.91
TOTAL ASSETS	<u>52,158.91</u>
LIABILITIES & EQUITY	
Liabilities	
Long Term Liabilities	
2500 - Note Payable to Amy McGovern	12,000.00
2551 - Note Payable to Lucy McGovern	25,000.00
2553 - Notes Payable to Mike McGovern	26,000.00
Total Long Term Liabilities	<u>63,000.00</u>
Total Liabilities	63,000.00
Equity	
3000 - Opening Bal Equity	11,259.43
Net Income	<u>-22,100.52</u>
Total Equity	<u>-10,841.09</u>
TOTAL LIABILITIES & EQUITY	<u>52,158.91</u>

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Cash Basis

Quality Telephone Inc.
Balance Sheet
As of December 31, 2002

	<u>Dec 31, 02</u>
ASSETS	
Current Assets	
Checking/Savings	
1001 · First Union Checking	46,915.44
1002 · Wells Fargo Checking	5,879.78
1005 · First Union Money Market	145,114.74
Total Checking/Savings	<u>197,909.96</u>
Total Current Assets	197,909.96
Fixed Assets	
1500 · Computer Equipment	9,252.33
1501 · Accum. Depreciation	-9,252.33
Total Fixed Assets	<u>0.00</u>
TOTAL ASSETS	<u>197,909.96</u>
LIABILITIES & EQUITY	
Liabilities	
Long Term Liabilities	
2500 · Note Payable to Amy McGovern	11,500.00
2551 · Note Payable to Lucy McGovern	21,300.00
2553 · Notes Payable to Mike McGovern	18,000.00
Total Long Term Liabilities	<u>50,800.00</u>
Total Liabilities	50,800.00
Equity	
3000 · Opening Bal Equity	11,259.43
3900 · Retained Earnings	-22,100.52
Net Income	157,951.05
Total Equity	<u>147,109.96</u>
TOTAL LIABILITIES & EQUITY	<u>197,909.96</u>

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03/09/03
Cash Basis

Quality Telephone Inc.
Profit & Loss
January through December 2002

	Jan - Dec 02
Income	
4000 · Customer Payments	
4010 · IPP Payments	137,111.93
4015 · APS / QuickPay	92,183.98
4016 · BankCard	71,752.76
4017 · Fast Page Deposits	95,878.50
4018 · IPP Deposits	154,399.71
4019 · Mailed In Payments	60,346.51
4020 · Money Gram	63,250.66
4000 · Customer Payments - Other	0.00
Total 4000 · Customer Payments	674,924.05
4500 · Remittances	
4510 · Verizon - New Jersey Remittance	33,604.40
4520 · Remittance - Bell South	2,851.09
Total 4500 · Remittances	36,455.49
4999 · Uncategorized Income	274.18
5001 · Interest Inc	781.11
Total Income	712,434.83
Expense	
Credit Card	287.00
Education	258.00
Void	0.00
5000 · Telephone - Wholesale	
5010 · Bell South	2,435.43
5020 · Frontier	62,443.54
5030 · MTS	1,100.00
5040 · SBC - Nevada Bell	59,027.97
5041 · SBC - Pac Bell	91.82
5042 · SBC - TX	32,241.93
5050 · Sprint	14,557.83
5060 · Valor	1,463.73
5070 · Verizon - Florida	20,317.31
5080 · Verizon - Maryland	7,573.04
5081 · Verizon - New Jersey	153,549.17
5082 · Verizon - Texas	1,113.92
5083 · Verizon - California	273.21
5084 · Verizon - Rhode Island	609.09
5085 · Verizon Special Expenses	45,665.17
Total 5000 · Telephone - Wholesale	402,463.16
5100 · Customer Refund	1,140.00
5120 · Security Deposit	-10,100.87
6000 · Wages and Salaries	
6010 · Customer Service Wages	5,024.25
6015 · Manager Salaries	14,175.00
6020 · Payroll Tax Expenses	1,762.33
6030 · Insurance Medical	3,879.12
6040 · Medical Expenses	1,170.00
Total 6000 · Wages and Salaries	26,010.70
6510 · Agent Charge Correction	489.00
6700 · Contract Labor	
6710 · Management Labor	17,321.88
6700 · Contract Labor - Other	91,927.15
Total 6700 · Contract Labor	109,249.03
6999 · Uncategorized Expenses	1,213.01
7010 · Accounting	2,555.21
7015 · Computer Consulting	2,455.00
7016 · Legal-Prof Fees	750.00
7020 · Bank Charge	426.14

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Cash Basis

Quality Telephone Inc.
Profit & Loss
January through December 2002

	Jan - Dec 02
7030 · Process Customer Payment	
7031 · Credit Card Process	2,112.83
7032 · Money Gram Process Fee	5,524.35
Total 7030 · Process Customer Payment	7,637.18
7500 · Advertising	
Radio	350.00
7510 · Direct Mail	7,446.55
7530 · Internet Expense	426.40
7540 · Print Adds	1,000.00
7550 · Printing - Flyers	4,244.93
7557 · Printing - Posters	2,907.88
7558 · TV Spots - Reno	1,135.00
7560 · Printing - Holders	1,722.84
7500 · Advertising - Other	429.50
Total 7500 · Advertising	19,663.10
7600 · Telephone - Usage	
7610 · 800 Number	10,659.73
7620 · Local Service	4,183.39
7630 · Wireless Cell Phon	1,520.11
7640 · Long Distance	1,205.69
7650 · Internet / Web	552.29
Total 7600 · Telephone - Usage	18,121.21
7800 · Market Expansion	
7810 · Expansion Advertising	23,210.07
7820 · Expansion Agent Set-up	4,700.00
7830 · Expansion Travel	38,861.78
Total 7800 · Market Expansion	66,771.85
7900 · Travel Expenses	
7910 · Air Line Tickets	2,741.50
7920 · Travel - Car & Gas	3,055.27
7930 · Travel - Other	2,089.15
7940 · Hotel	454.93
7900 · Travel Expenses - Other	278.12
Total 7900 · Travel Expenses	8,618.97
8000 · Auto	
8001 · Fuel	74.08
8002 · Insurance	1,579.00
8003 · Service	295.91
Total 8000 · Auto	1,948.99
8050 · Office	
8051 · Cleaning	1,545.00
8052 · Expansion / Repairs	9,828.89
8053 · News Paper	333.29
8055 · Supplies	7,143.53
8056 · Storage	450.00
8057 · Furniture	1,093.82
8050 · Office - Other	1,496.63
Total 8050 · Office	21,891.16
8060 · Postage and Delivery	9,189.78
8070 · Regulatory State Fees	8,899.78
8100 · Utilities	
8110 · Gas & Electric	2,537.74
8120 · Water	939.48
8100 · Utilities - Other	20.00
Total 8100 · Utilities	3,497.22

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Cash Basis

Quality Telephone Inc.
Profit & Loss
January through December 2002

	Jan - Dec 02
8510 - Computer Equip. Depreciation	9,252.33
8900 - Bad Debt	5.00
9999 - Miscellaneous	0.00
Total Expense	712,691.95
Net Income	-257.12

Section 5

Projections

Question B-4

B-4 1.) Projected Total Revenue

B-4 2.) Projected Total Expenses

B-4 3.) Book Value of All Arizona Assets

The company will be a reseller of service in the state of Arizona. No assets will be maintained in Arizona. The value of assets in the Arizona is currently Zero, and will be zero for the next 12 months.

B-4 4.) Values are Zero, and a comment stating so

The company will be a reseller of service in the state of Arizona. No assets will be maintained in Arizona. The value of assets in the Arizona is currently Zero, and will be zero for the next 12 months

B-4 5.) Fair Value Amounts

The company will be a reseller of service in the state of Arizona. No assets will be maintained in Arizona. The value of assets in the Arizona is currently Zero, and will be zero for the next 12 months

SUMMARY - REVENUE & COST PROJECTIONS FOR ARIZONA - 12 MONTHS

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
New Customers	75	75	75	75	75	75	75	75	75	75	75	75
Existing Customers		65	122	171	214	252	284	313	337	359	377	393
Projected Revenues	4,499.25	7,108.60	9,378.73	11,353.74	13,072.01	14,566.90	15,867.45	16,998.93	17,983.32	18,839.74	19,584.82	20,233.05
Projected Costs	7,974.00	8,495.13	9,990.77	11,291.98	12,424.03	13,408.92	14,265.77	15,011.23	15,659.78	16,224.02	16,714.91	17,141.98
Monthly Cash Flow	(3,474.75)	(1,386.53)	(612.04)	61.76	647.97	1,157.98	1,601.68	1,987.70	2,323.54	2,615.72	2,869.92	3,091.07
Cumulative Cash Flow	(3,474.75)	(4,861.28)	(5,473.33)	(5,411.56)	(4,763.59)	(3,605.61)	(2,003.93)	(16.23)	2,307.31	4,923.03	7,792.94	10,884.01

12 MONTH REVENUE PROJECTIONS

The followin shows the projected revenues for the first 12 months of operation for TelLogic in the state of Arizona.
Revenues are based on initial base service

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
New Customers	75	75	75	75	75	75	75	75	75	75	75	75
Revenue - Base	39.99	2999.25	2999.25	2999.25	2999.25	2999.25	2999.25	2999.25	2999.25	2999.25	2999.25	2999.25
Revenue - Setup	20	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500
New customer revenue	4499.25	4499.25	4499.25	4499.25	4499.25	4499.25	4499.25	4499.25	4499.25	4499.25	4499.25	4499.25
Total Existing Customers												
Previous Month Retention Rate	87%	75	140	197	246	289	327	359	388	412	434	452
		65	122	171	214	252	284	313	337	359	377	393
Monthly Revenues	39.99	2609.35	4879.48	6854.49	8572.76	10067.65	11368.20	12499.68	13484.07	14340.49	15085.57	15733.80
Total Revenues	4499.25	7108.60	9378.73	11353.74	13072.01	14566.90	15867.45	16998.93	17983.32	18839.74	19584.82	20233.05

12 MONTH COST PROJECTIONS

The followin shows the projected Incremental costs for the first 12 months of operation for TelLogic in the state of Arizona.
Revenues are based on initial base service

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
New Customers	75	75	75	75	75	75	75	75	75	75	75	75
Total Existing Customers												
Previous Month	25	97	159	213	261	302	338	369	396	419	440	440
Retention Rate	87%	22	84	138	186	227	263	294	321	344	365	383

Costs	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
New customers	75	75	75	75	75	75	75	75	75	75	75	75
New Customer Costs	106.32	106.32	106.32	106.32	106.32	106.32	106.32	106.32	106.32	106.32	106.32	106.32
Cost of new customers	7974	7974	7974	7974	7974	7974	7974	7974	7974	7974	7974	7974
Existing Customers												
Monthly Costs	22	84	138	186	227	263	294	321	344	365	383	383
Monthly Costs of an Existing customers	23.96	23.96	23.96	23.96	23.96	23.96	23.96	23.96	23.96	23.96	23.96	23.96
	521.13	2016.773	3317.983	4450.035	5434.92	6291.771	7037.23	7685.781	8250.019	8740.907	9167.979	
Total Costs	7974	8495.13	9990.77	11291.98	12424.03	13408.92	14265.77	15011.23	15659.78	16224.02	16714.91	17141.98

Monthly Costs	
Phone Service from Qwest	14.53
Labor and Support (14 min X 9.00)	2.10
Billing	0.83
Distribution	3.50
Miscellaneous	3.00
Total	23.96

New Set Up Costs	
Phone Service from Qwest	72.50
Labor (30 min X \$9.00/hr)	4.50
Distribution Cost	6.00
Toll Free Number (22 minutes x \$0.60)	1.32
Advertising / Marketing Costs	18.00
Miscellaneous	4.00
Total First Month Costs	106.32


Notes

The Costs Structure spells the majority of the incremental costs of providing local phone services in Arizona, a miscellaneous line has been added to compensate Not include in the cost structures are the fixed costs of providing services. These costs have already been incurred since the company has been providing resold telecommunications service in 8 other states.

Section 6

Affidavit of Good Standing

I certify that if the applicant is an Arizona corporation, a current copy of the Articles of Incorporation is on file with the Arizona Corporation Commission and the applicant holds a Certificate of Good Standing from the Commission. If the company is a foreign corporation or partnership, I certify that the company has authority to transact business in Arizona. I certify that all appropriate city, county, and/or State agency approvals have been obtained. Upon signing of this application, I attest that I have read the Commission's rules and regulations relating to the regulations of telecommunications services (A.A.C. Title 14, Chapter 2, Article 11) and that the company will abide by Arizona state law including the Arizona Corporation Commission Rules. I agree that the Commission's rules apply in the event there is a conflict between those rules and the company's tariff, unless otherwise ordered by the Commission. I certify that to the best of my knowledge the information provided in this Application and Petition is true and correct.

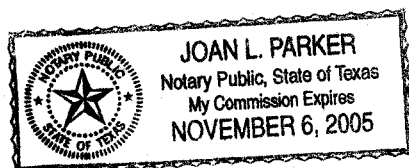

(Signature of Authorized Representative)

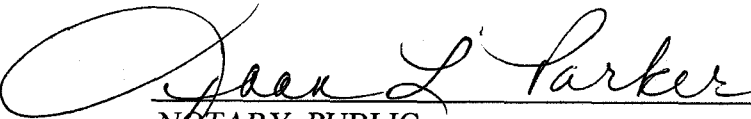
03-10-03
(Date)

JAME HOUGHTALIN
(Print Name of Authorized Representative)

SR. VICE PRESIDENT
(Title)

SUBSCRIBED AND SWORN to before me this 10th day of MARCH, 2003




NOTARY PUBLIC

My Commission Expires 11-06-05